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**Before the  
FEDERAL COMMUNICATIONS COMMISSION  
Washington, D.C.**

In the matter of Lifeline and Link Up Reform and Modernization	)	WC Docket No. 11-42
Federal-State Joint Board on Universal Service	)	CC Docket No. 96-45
Lifeline and Link Up	)	WC Docket No. 03-109

**Comments of CGM, LLC**

1. CGM, LLC is a database management company and service provider to a variety of prepaid Wireless and Wireline service providers whose customers participate in the Lifeline reimbursement program. For the past several years, CGM has processed 497 forms for its customers and has supported its customers through the audit process. We have automated much of the editing and scrubbing that is contemplated in the database section of the NPRM.<sup>1</sup> We believe that there are two separate and necessary components of managing waste, fraud, and abuse; certification that the end user is indeed eligible for the program, and certification that the subsidy is being paid only once each eligible period.
2. It is CGM's view that a group of well-formed and up to date regulations, along with commercially viable and predictable authentication techniques will provide a managed approach to minimize waste, fraud, and abuse in the Lifeline program. From inception until the end of 2008, the participation rate in the fund remained very stable. Since then, entrepreneurial resellers and providers of both wireline and wireless service have signed up end users in more remote locations and provided service to those credit challenged

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<sup>1</sup> NRPM, 3/4/2011, WC Docket 11-42 – Sec. VII D. Database

3. We believe that the commission's approach to allow the states discretion in determining eligibility is an important one<sup>3</sup>, but states should strive to take a different approach to making that information available to the ETCs in their states. State eligibility must become more real time and more available if states want to recover more substantial amounts from the fund<sup>4</sup>. A handful of states have a real time eligibility validation, and most still rely on a signed form to self-certify each end user. We agree with the belief that self-certification forms are no longer the most viable means of eligibility certification in the wireless world.
4. It is much more difficult and time consuming to require states to provide timely state centric eligibility data to a centralized national repository than it is to gain access to this data at the state level. The vast majority of eligibility is determined at the state level. The eligibility criteria are not generally called into question, only timely access to that data. Nationalizing this data and access to it doesn't do anything to make the task easier or make its accuracy any better. It makes on-going maintenance more difficult and prone to error. Transferring eligibility data from state care to a national database will also expose privacy and security issues. Much of the eligibility and certification data that supports the state audit process also exists primarily at the local level.
5. We believe that the economic and commercial viability of such eligibility data is rooted in a scenario where access to this data is paid for by the ETC on a per validation basis at the state level. Under this scenario, states can develop access to the data with as much or as little functionality as necessary, and ETC's would remit to the states a per transaction fee for checking the eligibility. ETCs can request and receive only as much eligibility data as is necessary to validate that the end user is eligible, and store the validation, not the data itself. A third party provider of such services can at minimum, develop the specifications for such data, or fully develop the functionality of such a state database. Such an approach would significantly streamline the state-based audit, verification, and annual re-certification process. ETCs would have an electronic version of the pertinent data required to certify and re-certify end users as needed.
6. To the extent that the one per household rule will continue, state based eligibility and address based annual certification continues to make sense at the state level, as long as access to such data is improved. Given the financial reality of state IT budgets, a financial incentive to develop access to such data will assist the states in making access to eligible end users more available at the time of purchase. In addition, this will make the process of annual certification and audit much easier to manage, and will identify waste,

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<sup>3</sup> NRPM 3/4/2011, WC Docket 11-42 – para 154

<sup>4</sup> Florida PSC Comments to NPRM 11-42, 4/6/2011, page 2.

fraud, and abuse much more quickly, since eligibility data would be directly tied to monthly 497 generation and reimbursement.

7. The reimbursement process is fundamentally different from the eligibility process in that all of the data that feeds reimbursement is already centralized around the 497 forms. Currently, CGM processes 497 forms on behalf of many customers who are ETC designated in many states. Currently, the underlying name and address data is not provided to USAC with the 497 form. CGM agrees with the concept that a national database can be deployed so that prior to each 497 payment, duplicate payments are eliminated. Scrubbing these subsidy requests prior to payment will greatly reduce fraud and abuse, and will allow audits to continue on a regular basis.
8. Getting to the point where payments are pre-audited would require that audits take place prior to converting to this process. We think that this database should support the payment subsystem as well as the audit subsystem, so that auditing becomes much more streamlined. The actual administration of the database may be better suited to a third party, but critical stakeholders including USAC, State regulators and ETCs will all maintain access to the data for particular and managed purposes. We believe that this can be set up security so that privacy is safeguarded.
9. In a transition period from today to an audited payment system, each ETC would begin to submit name and address information in support of their 497 reimbursement. USAC can establish a priority of which states are to be audited first. Currently, there are 17 states that account for over 80% of the monthly subsidy requests.
10. In addition, ETCs would submit eligibility verification as well as start dates and cancel dates for all subsidy requests. This data would be normalized through address validation to determine which addresses are valid and which are invalid. ETCs should be made aware of the type of address validation used so that they can choose to use the same or similar techniques to minimize mismatches. After addresses are validated, an analysis for such addresses would be conducted across ETCs for that state to determine which addresses are receiving more than one subsidy from more than one ETC. A series of statuses would be created to determine the eligibility and payment status of each end user in the database for each month in which payment was requested. These statuses would also assist in the de-enrollment process – similar to a pic freeze or line loss scenario.
11. As described above, we believe that improved automation to determine eligibility at the state level combined with a national reimbursement management system, puts both eligibility and payment management in the hands of the groups best suited to handle these disparate issues, while supporting both eligibility and financial audits. If a consumer

passes the state eligibility criteria, and a positive validation is achieved, this is submitted and stored at the national level with the request for reimbursement. Should the reimbursement request fail for some other reason, the customer is still eligible, but is already receiving subsidy, which may trigger additional audit or investigation.

12. ETCs will want to access this database in real time to authenticate new users at the point of purchase, and not wait until the reimbursement process to determine that the service they provided was not eligible for reimbursement. ETCs may want to store these responses for some period of time to assist them in managing continued eligibility between reimbursement periods. We recommend that ETC's pay a per transaction fee to access this data.

Respectfully Submitted,

A handwritten signature in black ink, appearing to read "Kevin Murphy". The signature is fluid and cursive, with a long, sweeping underline that extends to the right.

Kevin Murphy

Partner

CGM, LLC

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